

2019

**RED RIVER, ATCHAFALAYA & BAYOU  
BOEUF LEVEE DISTRICT**

Agreed-Upon Procedures

June 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of  
Red River, Atchafalaya & Bayou Boeuf Levee District  
Alexandria, Louisiana

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the District is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the District and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended June 30, 2011.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results were as follows:

### ***General***

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1. Determine if there are adequate written policies and procedures for the primary financial/business functions of the entity (budgeting, receipts, purchasing, disbursements, payroll/personnel, contracting, travel, related parties, ethics).

#### **Results:**

The District has an Employee Handbook which addresses purchasing policies, travel policies, ethics policies, and payroll/personnel policies. The District follows state statute guidelines on budgeting practices and related party transactions. There are no written procedures on receipts and disbursements.

2. Using the financial statements or AFR, perform analytical procedures comparing current and prior year financial statements, by line item. Identify and obtain explanations for variances of 10% or greater for line items that are 10% or more of the respective total assets, liabilities, equity, revenues, or expenses.

#### **Results:**

Variances of 10% or greater were found in post-employment benefits payable and operating services expenditures. Post-employment benefits payable increased by 12%. The change is due to the adjustment that was made to reflect the correct liability amount as of June 30, 2011. Operating services expenditures decreased by 16%. In the prior year, the District performed a significant amount work on the levees and spent over \$500,000 in materials whereas in the current year they only spent \$37,000.

### ***Cash***

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1. Prepare a proof of cash for the period covered by the financial statements.

#### **Results:**

A proof of cash was prepared for the year ended June 30, 2011, noting no discrepancies. The cash balance at June 30, 2011, was \$676,496.15.

2. Determine if cash collection responsibilities are adequately segregated to ensure that the person responsible for cash collections is not responsible for posting accounts receivable or making deposits

**Results:**

Cash collection responsibilities are not adequately segregated due to the limited number of employees at the District, however, it is not cost beneficial to hire an additional employee. Currently, the secretary makes all deposits, posts receipts to the general ledger, and reconciles the bank statement.

3. Determine if bank reconciliations have been prepared for all months in the period covered by the financial statements. Determine if there is evidence of management review of the bank reconciliations. Determine if the reconciled balance for the final month of the fiscal year agrees to the general ledger.

**Results:**

Per examination of the District files, all bank reconciliations for the June 30, 2011, year end were performed on a regular basis. The Operations Supervisor reviews all reconciliations once complete.

**Credit Cards**

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1. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

**Results:**

The District has two Capital One Bank corporate credit cards in the names of the Operations Supervisor and the Secretary. Only one statement is received monthly which includes the activity for both cards.

2. Obtain the monthly statements for all credit/debit cards used during the period under examination and select for detailed review the largest (dollar amount) statement for the two cards with the most (dollar amount) activity:
  - A. Obtain the entity's supporting documentation for the largest purchase/charge shown on each selected monthly statement:
    - Determine if each purchase is supported by:
      - An original itemized receipt (i.e., identifies precisely what was purchased)
      - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)

- Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)
  - Determine if selected purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).
- B. Determine if there is evidence of management review of the two selected statements.

**Results:**

Two credit card statements were examined: (1) June 2011 statement in the amount of \$3,304.72. The largest purchase examined was \$2,144.99. The original receipt was not attached to the statement and no purpose was documented for that purchase. (2) November 2010 statement in the amount of \$2,061.50. The largest purchase examined was \$990.48. The original receipt was attached but the purpose was not documented. Both statements were reviewed by management. Even though there was no documentation of the business/public purpose of the expenses, there was no indication of personal use.

***Travel and Expense Reimbursement***

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1. Obtain a listing of all travel and related expense reimbursements during the period under examination and trace to the general ledger for completeness. Select for review the three persons who were reimbursed the most money:
  - A. Obtain all of the expense reimbursement reports of each selected person, including the supporting documentation, and choose the largest expense report from each person to review in detail:
    - Determine if each expenditure is:
      - Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.) and applicable laws.
      - For an appropriate and necessary business purpose relative to the travel.

- Determine if each expenditure is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased)  
[Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) generally does not require a receipt.]
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
  - Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)
- Determine if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement

**Results:**

Three individuals were selected and the largest payments for each individual were examined. All payments examined included documentation that explained the reason for the reimbursement, all payments were in accordance with the Districts travel policy, and all payments were for appropriate business purposes. All three payments were also reviewed by management.

**Contracts**

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1. Review accounting records (e.g., general ledgers, accounts payable reports, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.). Select the five "vendors" that were paid the most money during the period and determine if there is a formal/written contract that supports the services arrangement.

**Results:**

Two out of the five top paid vendors had an outstanding contract with the District. All provisions were correctly followed for both vendors.

2. Obtain a listing of all active contracts and the expenditures made during the period under examination and trace to the general ledger for completeness. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

(1) Services

(2) Materials and supplies

(3) Public works

A. Obtain the selected contracts and the related paid invoices and:

- Determine if the contract is a related party transaction by obtaining management's representation
- Determine if the transaction is subject to the Louisiana Public Bid Law or Procurement Code:
  - If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)
  - If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.
- Determine if the contract was amended. If so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.
- Select the largest payment from each of the 3 largest contracts selected above and determine if the invoice(s) received and payment complied with the terms and conditions of the contract.
- Determine if there is documentation of board approval, if required.

**Results:**

Services and Materials and Supplies were the only categories with current contracts for the vendors of the District. All stipulations listed above were correctly followed except for complying with the requirements of the Louisiana Public Bid Law. Advertisements placed for the Materials and Supplies contract were not kept on file by the District; therefore the dates of advertisement could not be verified.

## ***Payroll and Personnel***

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1. Obtain a listing of employment contracts/salaries in force during the period under examination and trace to the general ledger for completeness. Select the five highest paid employees and:
  - Determine if payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract or pay rate structure
  - Determine if changes made to hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

### **Results:**

We examined paychecks for the five highest paid employees and determined that each employee's payments were in accordance with the terms and conditions of their respective pay rate structure and all hourly pay rates were properly approved in writing and in accordance with the District's policies.

2. Select the attendance and leave records for one pay period in which leave has been taken by at least one employee and:
  - Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave )
  - Determine if supervisors are approving, in writing, the attendance and leave of all employees.
  - Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

### **Results:**

We examined all leave records for the May 26, 2011, pay period. Eleven employees took leave during this time. Each employee correctly had his or her leave documented with approval, and the leave taken was properly deducted from the respective employee's leave balance.



3. Select the two largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by adequate documentation, made in strict accordance with policy and/or contract, and properly approved.

**Results:**

Five employees retired, died, or quit during the June 30, 2011, fiscal year end. Each employee's final payments were supported by adequate documentation, made in accordance with policy, and properly approved.

***Budget***

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1. Obtain a copy of the legally adopted budget and all amendments.

**Results:**

The budget for June 30, 2011, listed total revenues of \$2,428,000 and total expenses of \$2,658,900. No amendments were made during the year.

2. Trace the budget adoption and amendments to the minute book.

**Results:**

The budget adoption was traced to the May 4, 2010 minutes.

3. Compare the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements or AFR. Report variances of 10% or greater.

**Results:**

Total revenues and expenditures were compared to the actual totals for the June 30, 2011, fiscal year. Neither amounts had variances of 10% or greater.

***Debt Service***

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1. If debt was issued during the financial statement period, verify that State Bond Commission approval was obtained, as applicable.

**Results:**

This section is not applicable due to the District not issuing and/or entering into any new debt agreements during the year ended June 30, 2011.

2. Determine compliance with applicable debt covenants.

**Results:**

This section is not applicable due to the District not issuing and/or entering into any new debt agreements during the year ended June 30, 2011.

**Corrective Action**

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1. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

**Results:**

See accompanying Schedule of Exceptions and Management's Response and Corrective Action Plan.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Marksville, Louisiana  
August 26, 2011

RED RIVER, ATCHAFALAYA & BAYOU BOEUF LEVEE DISTRICT

Schedule of Exceptions and Management's Response  
and Corrective Action Plan  
Year Ended June 30, 2011

Exception Number	Description of Exception	Management's Response and Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
1	<u>General - Written Policies and Procedures</u> There are no written procedures for the accounting of receipts and disbursements.	The District will adopt written policies for the accounting of receipts and disbursements.	Chris Brouillette, Operations Superintendent	12/31/2011
2	<u>Cash - Inadequate Segregation of Duties</u> The secretary makes all deposits, posts receipts to the general ledger, and reconciles the bank statement.	The District does not accept and/or collect cash. The District will explore the possibilities to segregate the receipt functions with the limited personnel available but does not think it is cost beneficial to hire an additional employee to segregate accounting duties.	Chris Brouillette, Operations Superintendent	12/31/2011
3	<u>Credit Cards - Original Receipts and Business Purpose</u> The original receipt was not attached to the credit card statement. The business and/or public purpose of the expense was not explained on the credit card supporting documentation.	Prior to approving the credit card statement balance for payment, management will make sure that all supporting documentation is attached. The employee will be responsible for the supporting documentation and if the employee cannot provide the documentation, the employee will be responsible to reimburse the District.	Chris Brouillette, Operations Superintendent	12/31/2011
4	<u>Contracts - Dates of Advertisements</u> Advertisements placed for the materials and supplies contracted in accordance with the bid laws were not kept on file by the District; therefore the dates of advertisement could not be verified.	Management will make sure that all future advertisements are maintained in the bid file.	Chris Brouillette, Operations Superintendent	12/31/2011